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DOCKET FILE COPY ORIGINAL

May 4, 2000

BY AIRBORNE EXPRESS

Acting Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

RECEIVED
MAY 05 2000
FCC MAIL ROOM
cc: 94-129

RE: International Exchange Communications, Inc.

Dear Sir/Madam:

Our client, International Exchange Communications, Inc. has entered into an agreement to purchase the customer base of True America Communications, Inc. To that end, I am enclosing herewith the original and three (3) copies of a Petition for Waiver of Commission Rules by International Exchange Communications, Inc.

In order to acknowledge receipt, please date stamp and return the additional copy of this letter in the envelope provided.

Should you have any questions or require additional information, please contact me.

Sincerely,


EllenAnn G. Sands

Enclosures

cc: Katherine Schroeder
Accounting Policy Division

No. of Copies rec'd 041
List ABCDE

Before the
FEDERAL COMMUNICATIONS COMMISSION

Washington, D.C. 20554

RECEIVED

MAY 05 2000

FCC MAIL ROOM

In the Matter of

International Exchange Communications, Inc.'s
Acquisition of Customer Base
of True America Communications, Inc.

PETITION FOR WAIVER OF COMMISSION RULES

1. International Exchange Communications, Inc. ("IEComm") a wholly owned subsidiary of Pacific Gateway Exchange, Inc., requests that the Federal Communications Commission (the "Commission") grant a waiver of its rules and orders governing the authorization and verification necessary to change a consumer's preferred carrier. As demonstrated herein, good cause exists for the granting of the waiver requested: the purposes for the general rule for which the waiver is being sought will be fulfilled by the measures proposed by IEComm, and the granting of the waiver requested will be in the public interest in general, and specifically in the interest of the customers whose accounts are affected by the change in carrier. See *Northeaster Cellular Telephone Company v. F.C.C.*, 897 F.2d 1164 (D.C. 1990); and *WAIT Radio v. F.C.C.*, 418 F.2d 1153 (D.C. 1969).
2. Within the next several days, IEComm intends to purchase certain assets for True America Communications, Inc. ("True America"), pursuant to a written Asset Purchase Agreement dated January 1, 2000, and attached hereto as Exhibit "A".

The assets purchased by IEComm include, but are not limited to: True America's customer accounts; True America's accounts receivables; agreements, contracts, letters of agency (LOAs), or other authorizations of True America's customers; deposits of True

America's customers; and certain other non-customer assets of True America. IECComm is in good standing in each jurisdiction required to provide interexchange services to the former True America customers. The special circumstances warranting a deviation or waiver from the Commission's rules and orders include the need to provide seamless transitions of long distance service for the affected True America customers.

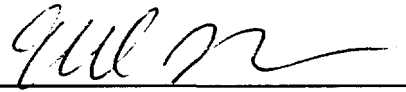
3. IECComm is in the process of sending notice letters to all True America customers, notifying them of the proposed assumption of the customers' service by IECComm, assuring the customers that they will either receive the same or better rates and services than those which they were receiving from True America, and advising the customers that they can choose a different preferred carrier should they desire. Once the proposed sale has been consummated, IECComm will notify the customers of that event and reiterate the foregoing information, assurances and advice. Further, IECComm will amend its domestic tariff to include any True America tariffed rates for any customers for which IECComm will provide service. Additionally, IECComm will take responsibility to investigate, respond, and attempt to cure any complaints of former True America customers after the sale.

4. The Commission is charged with administration in the "public interest." IECComm submits that allowing it to continue service to the former True America customers would be a seamless transition, in that there would be no P.I.C. charges incurred by any of the former True America customers and no interruption of service. Thus, the granting of the requested waiver by the commission will be in the public interest in general, and specifically in the interest of the True America customers whose accounts are affected by the proposed and pending sale.

WHEREFORE, for each of the above reasons and subject to the foregoing conditions, IECComm requests that, effective immediately, the Commission grant a waiver of its rules and orders to allow IECComm to be designated the preferred long distance carrier for current customers of True America without obtaining the customers' authorization and verification.

This 4th day of May, 2000.

Respectfully submitted,



EllenAnn G. Sands
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3500 N. Causeway Blvd., Suite 1442
Metairie, Louisiana 70002
Telephone: (504) 832-1984
Facsimile: (504) 831-0892

Attorneys for International Exchange
Communications, Inc. and True America
Communications, Inc.

EXHIBIT A

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "**Agreement**") is made and entered into as of the 1st day of January, 2000 between **International Exchange Communications, Inc.**, a Delaware corporation ("**Purchaser**"), **True America Communications, Inc.**, a California corporation ("**Seller**").

WHEREAS, Seller conducts business as a reseller of long distance telecommunications services and has established a customer base and related assets which it now desires to sell; and

WHEREAS, Purchaser desires to purchase the customer base and related assets of Seller on the terms and subject to the conditions of this Agreement; and

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants, representations and warranties herein contained, it is hereby agreed as follows:

1. Sale and Transfer of Assets

1.1 Assets to be Sold

Subject to the terms and conditions set forth in this Agreement, Seller agrees to sell, convey, transfer, assign and deliver to Purchaser, and Purchaser agrees to purchase from Seller, all of Seller's right, title and interest in and to the following assets of Seller (the "**Assets**") excluding cash, bank accounts, marketable securities, corporate records, tax refunds and claims of Seller against others for damages:

(a) the "Customer Related Assets," comprised of (1) Seller's 1+ telecommunications business represented by Seller's LEC billing through Inegratel (the "**Busifess**") and all end user long distance telecommunications customer accounts thereof which are listed in an electronic format satisfactory to Purchaser (which electronic format shall include all customer accounts, whether currently active or inactive, in existence as of October 1 and up to and through the Closing Date) (the "**Qualified Customer Accounts**") (the end users of the long distance telecommunications services that generate the Qualified Customer Accounts shall be hereinafter referred to as the "**Customers**"); (2) all accounts receivable related to, associated with and derived from the Qualified Customer Accounts relating to Inegratel after December 29, 1999 (collectively, the "**Accounts Receivable**"); (3) all of Seller's rights under any agreements, application forms, term contracts, letters of agency and all other contractual instruments between Seller and one or more Customers related to the Qualified Customer Accounts (collectively, the "**Customer Contracts**"), including but not limited to Seller's right to assert claims and take other rightful actions in respect of breaches, defaults and other violations of such Customer Contracts; (4) all customer and other deposits held or made

by Seller related to the Qualified Customer Accounts; (5) all Authorizations (as hereinafter defined) related to the Qualified Customer Accounts required to be transferred in accordance with Section 2.3; and (6) all relationships and goodwill related to the Qualified Customer Accounts; and

(b) the following assets (the "Non-Customer Assets"):

(i) all of Seller's rights in the Non-Customer Contracts (as hereinafter defined) which the Purchaser and Seller agree are to be included as "Assets" in accordance with Section 2.3;

(ii) to the extent allowable under applicable laws, rules and regulations, carrier identification code (CIC) number 6822; which Purchaser agrees will not be used for casual access or dial around marketing for a period of 24 months from the closing date; and

(iii) all sales, marketing, customer care, billing, rating, provisioning and back office software, source code, processes, procedures, manuals, and information used in connection with the sales, marketing and ongoing support of the Qualified Customer Accounts.

2. The Closing

2.1 Place and Date

The closing of the purchase and sale of the Assets (the "**Closing**") shall take place at the offices of Purchaser located at 533 Airport Boulevard, Suite 505, Burlingame, California 94010, at or before 10:00 a.m., local time, as soon as reasonably practicable after the conditions set forth in **Section 7** hereof have been satisfied but in no event later than June 30, 2000. The date of the Closing is herein referred to as the "**Closing Date.**"

2.2 Transfer of Assets

(a) At the Closing and subject to the terms and conditions of this Agreement, Seller shall deliver to Purchaser the following, and simultaneously with such delivery, Seller shall take such action as may be necessary or reasonably requested by Purchaser to place Purchaser in possession and control of the Assets:

(i) Such bills of sale, assignments, novation agreements, master letters of agency or other instruments of transfer and assignment as shall be necessary to vest in Purchaser title to the Assets sold and assigned under this Agreement, free and clear of all liens, claims and encumbrances;

(ii) Copies of resolutions of the Board of Directors of Seller authorizing the execution, delivery and performance of this Agreement by Seller and a certificate of Seller's secretary, dated the Closing Date, that such resolutions were duly adopted and are in full force and effect;

(iii) A current list (in electronic format) of the Qualified Customer Accounts to be transferred and an accounts receivable aging report for such Qualified Customer Accounts; and

(iv) Such other certificates or other documents or instruments as the Purchaser or Purchaser's counsel may reasonably request.

(b) At the Closing, as a condition to Seller's obligations under this Agreement, Purchaser shall deliver to Seller the following:

(i) All instruments as may be reasonably necessary by which Purchaser assumes the obligations and liabilities to be assumed by it hereunder;

(ii) Copies of resolutions of the Board of Directors of Purchaser authorizing the execution, delivery and performance of this Agreement by Purchaser and a certificate of Purchaser's secretary, dated the Closing Date, that such resolutions were duly adopted and are in full force and effect;

(iii) That portion of the Purchase Consideration (as hereinafter defined) due on the Closing Date; and

(iv) Such other certificates or other documents or instruments as Seller or Seller's counsel may reasonably request.

2.3 Purchase Price; Adjustments; Purchase Consideration

(a) The purchase price ("**Purchase Price**") to be paid by Purchaser to Seller for the Assets shall be \$605,000.00.

(b) The manner of payment of the Purchase Price shall be as follows:

(i) Purchaser shall issue a credit (the "**Credit**") to Seller in the amount of \$405,000 for the accrued and unpaid balance for underlying telecommunications and related services provided by Purchaser to Seller, including but not limited to all usage charges, taxes, assessments, monthly recurring charges and other invoiced items of whatever kind or nature, for the months of October, November and December 1999.

(ii) The remainder (the "**Remainder**") of the Purchase Price (after deducting the Credit) in the amount of \$200,000 shall be paid to Seller in cash

without adjustments of any kind or nature whatsoever (the "**Cash Payment**") no later than the next day following the date the agreement has been executed by Purchaser or Seller, whichever is later.

Any cash payment(s) required under this Section 2.3(b) shall be payable in immediately available funds by wire transfer in accordance with the instructions delivered in writing by the party who is to receive such payment(s). The Credit and the Cash Payment shall be collectively referred to hereinafter as the "**Purchase Consideration**".

(c) No later than thirty (30) days prior to the Closing Date, the Purchaser shall deliver to the Seller a list of all Non-Customer Contracts which the Purchaser desires to acquire from the Seller at Closing. In the event the counterparty to any such Non-Customer Contract fails or refuses to allow the transfer of same to Purchaser prior to the Closing Date, then Seller shall, at Purchaser's sole option and in Purchaser's sole discretion, provide the service or function which is the subject of such Non-Customer Contract on the same terms and conditions as contained therein.

(d) The Purchaser acknowledges that the Seller does not maintain copies of all verification records with respect to the Qualified Customer Accounts and that many of such records may be in the possession of one or more companies that provide verification services to the Seller. In lieu of delivering all such verification records to the Purchaser at Closing, the Purchaser agrees that the Seller may provide at Closing a letter addressed to each such verification company directing such verification company to hold all verification records relating to Qualified Customer Accounts at the direction of the Purchaser.

(e) Two days prior to the Closing Date, Seller shall deliver to the Purchaser an accounts payable aging of all accounts payable of Seller which relate to the Qualified Customer Accounts which Seller wishes for Purchaser to assume at Closing. Purchaser shall assume all such accounts payable as of January 1, 2000.

(f) Two days prior to the Closing Date, Seller shall deliver to Purchaser an aging of accounts receivable relating to Qualified Customer Accounts for all accounts receivable for Qualified Customer Accounts that are owned by Seller. At the Closing, Purchaser shall acquire all such accounts receivable of Seller and the Purchase Consideration shall be adjusted in accordance with Section 2.3(a).

(g) Seller agrees to transfer to Purchaser any Authorizations required to be transferred and Purchaser agrees that Seller shall not be required to transfer any Authorizations not so required to be transferred.

(h) Purchaser agrees to use its best efforts to resolve any matters necessary in order to obtain approval from the Federal Communications Commission ("FCC") and all necessary state public service and/or utility commissions ("PSCs") for

the transactions contemplated hereby, including, without limitation, the payment of any fees or taxes in connection therewith.

2.4 Limitation on Assumption of Liabilities

Except for the Accounts Payable, the Non-Customer Contracts which are included in the Assets and any chargebacks, setoffs or similar liabilities for uncollectible, overpaid or other accounts receivable generated after December 30, 1999 with respect to which Purchaser has previously received cash, Purchaser shall not be liable for any of the obligations or liabilities of Seller, of any kind or nature. Seller shall pay, perform and discharge all of its valid liabilities and obligations not assumed by Purchaser and shall specifically indemnify and hold harmless Purchaser from and against same.

3. Representations and Warranties of Seller and Shareholders

Seller and Shareholders represent and warrant to Purchaser as follows, which representations and warranties are made as of the date hereof and as of the Closing Date and shall survive the Closing for a period of one year (except with respect to the representations and warranties in **Section 3.6** which shall survive for ten years):

3.1 Organization

(a) Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of California, is duly qualified and in good standing as a foreign corporation in the states set forth on **Schedule 3.1(a)** attached hereto with full requisite corporate power and authority to own its properties and assets and to carry on lawfully its business as currently conducted, and is not required to be qualified to do business as a foreign corporation in any other jurisdiction.

(b) Seller does not have any subsidiaries and neither owns nor holds any securities of, or any interest in, any other person or entity and is not a partner or member in or subject to any joint venture, partnership, limited liability company or other arrangement or contract that is or could be treated as a partnership for federal income tax purposes, in each case, other than de minimus interests in publicly traded entities.

3.2 Authorization

Seller has all requisite corporate power and authority to enter into this Agreement and to carry out the transactions contemplated by this Agreement. The execution, delivery and performance by Seller of this Agreement and the other agreements and documents referred to herein and therein and the actions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of Seller, and this Agreement and such other agreements and documents constitute valid and binding obligations of Seller and Shareholders,

enforceable in accordance with their terms, subject to (i) general principles of equity, regardless of whether enforcement is sought in a proceeding in equity or at law, and (ii) bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium, receivership or other similar laws relating to or affecting creditors' rights generally.

3.3 Liabilities

Seller has no obligations or liabilities, whether direct or indirect, joint or several, absolute or contingent, matured or unmatured, secured or unsecured, which could be affected by the execution and delivery of this Agreement or consummation of the transactions contemplated by this Agreement or which could affect the same.

3.4 Title to and Condition of Assets and Property

Seller has good and marketable title to the Assets free and clear of all liens, claims, charges, security interests, options, or other title defects or encumbrances, except for those in favor of Integratel. The Assets contain no real and personal property currently leased or otherwise occupied or used but not owned by Seller. The Assets do not include any real property or any interest therein other than the contracts listed on **Schedule 3.6**. The operations of Seller conform with all applicable federal, state and local laws, ordinances, rules and regulations except to the extent that any such non-compliance does not have a material adverse effect on the business of Seller.

3.5 Intellectual Property

To the knowledge of Seller, no other intellectual property is required in the operation of the business of Seller as it is currently conducted. There are no pending or, to the knowledge of, threatened claims of infringement upon the rights to any intellectual property of others or any agreements or undertakings with respect to any such rights. Seller do not know of any valid basis for any such claim of infringement. The use of the Intellectual Property by Seller does not infringe on the rights of any person who has ever been employed by Seller since its inception.

3.6 Contracts

Except as set forth in **Schedule 3.6** or in any other Schedule attached hereto and referenced below, true, correct and complete copies of which referenced items have been delivered to Purchaser (any such contracts are referred to collectively as the "**Non-Customer Contracts**" and individually as a "**Non-Customer Contract**"), Seller is not a party to or bound by any contract or agreement, written or oral with a person or entity other than a Customer which is material to the ongoing business of the Seller.

None of Seller or any other party to any Non-Customer Contract has breached any provisions of, or is in violation or default under the terms of, or has caused or permitted to exist any event that with or without due notice or lapse of time or both

would constitute a default or event of default under, any such Non-Customer Contract. There are no facts or circumstances which have arisen on or prior to the date hereof which could lead to any additional obligation under any of the Non-Customer Contracts (payment or otherwise) or to the violation, cancellation or other early termination of one or more of the Non-Customer Contracts. All Non-Customer Contracts are valid, binding and in full force and effect and will continue in full force and effect to the benefit of Seller, its respective successors and assigns, if such party so elects, without change following the consummation of the transactions contemplated by this Agreement if assigned to Purchaser in accordance with **Section 2.3** hereof. The consummation of the transactions contemplated by this Agreement will not violate or cause a default or event of default under any provision of, or result in the acceleration of any obligation under, or the termination of, any Contract.

3.7 Litigation and Compliance

There is no pending or, to the knowledge of Seller or Shareholders, threatened claim, investigation, lawsuit or administrative proceeding by or against Seller or the operation of its business. Seller and the operation of its business are in compliance with all federal, state, local and foreign laws and regulations and administrative orders and all tariffs, rules and regulations of local exchange carriers and inter-exchange carriers applicable thereto except to the extent that any such non-compliance does not have a material adverse effect on the business of Seller. There is no order, writ, injunction or decree relating to or affecting the operations or the business of Seller or the transactions contemplated by this Agreement.

3.8 Non-Contravention

Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will result in the breach of any term or provision of, constitute a default under, or accelerate or augment the performance otherwise required under, any provision of the certificate of incorporation or bylaws of Seller, or any agreement (including without limitation any loan agreement or promissory note), indenture, instrument, order, law or regulation to which Seller or Shareholders, collectively or individually, are a party or by which they are bound, or will result in the creation of any lien or encumbrance upon any of the Assets.

3.9 Licenses, Permits and Required Consents

Set forth on **Schedule 3.9(a)** attached hereto is a list of all federal, state, local and foreign franchises, tariffs, licenses, ordinances, certifications, approvals, authorizations and permits (collectively, the “**Authorizations**”) necessary for Seller to conduct its business as currently conducted. All Authorizations relating to the business of Seller are in full force and effect, no violations have been made in respect thereof, and no proceeding is pending or, to the knowledge of Seller and the Shareholders, threatened which could have the effect of revoking or limiting any such Authorizations and the same

will not cease to remain in full force and effect by reason of the transactions contemplated by this Agreement.

Schedule 3.9(b) attached hereto sets forth all registrations, filings, applications, notices, transfers, consents, approvals, orders, qualifications, authorizations, certifications, waivers or other actions of any kind required to be made, filed, given or obtained by or on behalf of Seller or the Shareholders with, to or from any persons, governmental authorities or private entities in connection with the consummation of the transactions contemplated by this Agreement (“**Consents**”).

3.10 Disclosure

No representation, warranty or statement made by or on behalf of Seller in this Agreement or the Schedules attached hereto or in the certificates or other materials furnished or to be furnished to Purchaser or its representatives prior to the Closing in connection with this Agreement and the transactions contemplated hereby or thereby, contains or will contain any untrue statement of fact or omits or will omit to state a fact required to be stated herein or therein or necessary to make the statements contained herein or therein not misleading. Prior to the Closing, full disclosure shall have been made to Purchaser of all material facts with respect to Seller, its business, assets, operations, condition and prospects and the transactions contemplated by this Agreement which a reasonable purchaser would deem relevant. Seller shall promptly notify Purchaser of any change or event which could materially adversely affect the assets, operations, business, conditions or prospects of Seller prior to the Closing.

3.11 Brokers

Seller has engaged any investment banker, financial advisor or broker of any kind with respect to the sale of the Assets and no fee or other compensation shall become payable to any investment banker, financial advisor or broker of any kind, engaged by Seller, upon the closing of the transactions contemplated hereby.

3.12 Due Diligence

Seller has used best efforts to comply in full in responding to the due diligence requests of the Purchaser.

3.13 Customer Relationships

Seller has no knowledge that any material (i.e., in excess of 5% of Seller’s monthly revenue individually or in the aggregate) Qualified Customer Account has been terminated or is expected to be terminated, in whole or in part; provided, however, that this subsection shall not be construed as a representation, warranty, or guarantee that any such customer will, after the Closing, maintain its present business relationships with

Purchaser. To the best of Seller's and Shareholders' knowledge, no director or officer of Seller has any direct or indirect interest in any such Qualified Customer Accounts.

3.14 Disclaimer of Fraudulent Intent

Seller represents and warrants that the transactions described in this Agreement have been undertaken in good faith, considering their obligations to any person or entity to whom Seller owes a right to payment, whether or not the right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured (collectively such persons with such claims are called "**Seller Creditors**" under this paragraph), and has undertaken these transactions without any intent to hinder, delay or defraud any such Seller Creditors, and either has disclosed in the ordinary course of business or will undertake to disclose to all such Seller Creditors the existence of this transaction, and has not and will not conceal this transaction or the proceeds of this transaction from any such Seller Creditors. Seller further represents and warrants that: (1) neither Seller, nor any current or former employees of Seller or any of Seller's corporate affiliates will retain possession or control of any of the property transferred under this Agreement following the Closing, except as expressly provided in this Agreement and then only for and on behalf of the account of the Purchaser; (2) Seller has not been sued or threatened with suit by any Creditor prior to the execution of this Agreement; (3) Seller has not removed or concealed any assets from any Seller Creditors; (4) Seller has not incurred any substantial debt that is significantly greater than the normal and customary debts of Seller in the ordinary course of business; and (5) Seller believes in good faith that, at Closing, Seller will receive consideration reasonably equivalent to the value of the Assets transferred under this Agreement.

3.15 Protection of Qualified Customer Accounts

Seller represents and warrants that it has used its best efforts to ensure that all information related to the Qualified Customer Accounts, including, but not limited to, all customer lists, mailing lists, books, records, files, data, and letters of agency, has not been disclosed to anyone other than employees of Seller and any of Seller's corporate affiliates and that no such employees will possess, control or otherwise have any right to such information following the Closing of the transaction contemplated hereby.

4. Representations and Warranties of Purchaser

Purchaser represents and warrants to Seller as follows:

4.1 Corporate Status

Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with full corporate power and authority to carry on its business as now conducted.

4.2 Authority for Agreement

Purchaser has the power and authority to execute and deliver this Agreement and to carry out its obligations hereunder. The execution, delivery and performance by Purchaser of this Agreement and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of Purchaser. This Agreement has been duly executed by Purchaser and the transactions contemplated by them constitute the legal, valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its terms. No consent, approval, or authorization of, or declaration, filing, or registration with, any federal or state governmental or regulatory authority is required to be made or obtained by Purchaser in connection with the execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated by this Agreement, except approval of applicable public service commissions.

4.3 No Conflicts

To the best of Purchaser's knowledge, the execution, delivery and performance of this Agreement and the consummation of all of the transactions contemplated hereby: (i) do not and will not with or without the giving of notice or passage of time or both, violate, conflict with or result in a breach or termination of any provision of, or constitute a default under, or accelerate or permit the acceleration of the performance required by the terms of, or result in a creation of any mortgage, security interest, claim, lien, charge or other encumbrance upon any of its assets pursuant to, or otherwise give rise to any liability or obligation under any agreement, mortgage, deed of trust, license, permit or other agreement or instrument, or any order, judgment, decree, statute, regulation or any other restriction of any kind or description to which Purchaser is a party or by which Purchaser or its assets may be bound; and (ii) will not terminate or result in the termination of any such agreement or instrument, or in any way affect or violate the terms and conditions of, or result in the cancellation, modification, revocation or suspension of, any rights in or to its assets.

4.4 Disclosure. The representations, warranties and statements made by Purchaser in this Agreement and in the certificates and other documents delivered pursuant hereto do not contain any untrue statement of a material fact, and, when taken together, do not omit to state any material fact necessary to make such representations, warranties and statements, in light of the circumstances under which they are made, not misleading.

5. Seller's Obligations Before Closing

Seller covenants that from the date of this Agreement and until the Closing Date:

(a) Purchaser and its counsel, accountants and other representatives shall have full access to all properties, books, accounts, records, contracts and documents

of or relating to the Assets (including, but not limited to, billing records, customer service history, verbal letters of agency tapes or written letters of agency where required), but Purchaser shall not have access to any information not related to the Assets. Seller shall furnish or cause to be furnished to Purchaser and its representatives all data and information concerning the Assets that may be reasonably requested. Seller agrees that, unless and until the Closing has been consummated, Seller and its officers, directors and other representatives will hold in strict confidence, and will not use the detriment of Purchaser, all data and information with respect to Purchaser and Purchaser's business and operations obtained in connection with this transaction or Agreement. If the transactions contemplated by this Agreement are not consummated, Purchaser will return to Seller all data and information that Seller may reasonably request including all documents prepared or made available to Purchaser by Seller in connection with this Agreement.

(b) Within 5 business days after the execution of this Agreement, the Seller shall have no further obligation to directly service any of the Qualified Customer Accounts or Assets as defined in this agreement. During that time, Seller will, with respect to the Qualified Customer Accounts, carry on its business and activities diligently and in substantially the same manner as they previously have been carried out and shall not make or institute any unusual or novel methods of management or operations to the detriment of Purchaser that vary materially from those methods used by Seller as of the date of this Agreement relating to the Qualified Customer Accounts, without the prior written consent of Purchaser.

6. Covenants

6.1 Further Assurances

At any time and from time to time after the Closing Date, each party shall, without further consideration, execute and deliver to the other such other instruments of transfer and assumption and shall take such other action as the other may reasonably request to carry out the transfer of the Assets and the assumption of the specific liabilities contemplated by this Agreement.

6.2 Standstill; Public Announcement

Prior to the Closing or termination of this Agreement, Seller agrees not to directly or indirectly solicit, entertain or encourage offers or negotiate with any other person or entity regarding the purchase or sale of the Assets. Seller shall not make any public announcement with respect to the subject matter of this Agreement. Purchaser intends to make an announcement consistent with its public disclosure obligations.

6.3 Authorizations

Purchaser shall use commercially reasonable efforts to assist Seller in obtaining all Authorizations necessary to consummate the transactions contemplated hereby.

6.4 Compliance with Laws

Seller understands that Seller's conduct prior to the Closing of this Agreement is subject to the rules and regulations of the FCC and all applicable PSCs, and Seller hereby agrees to be fully responsible for the acts and omissions of all of Seller's agents, servants and representatives prior to the Closing of this Agreement which are in violation of all laws, rules, regulations, administrative decisions and pronouncements of the FCC and all applicable PSCs, including but not limited to all applicable FCC and PSC rules regarding customer slamming and cramming, the violation of which may result in severe penalties and adverse consequences which the FCC or PSCs may attempt to impose upon Purchaser after the Closing of this Agreement.

6.5 Bulk Sales

Purchaser and Seller hereby agree to waive compliance with any and all applicable bulk sales laws.

6.6 Continued Relationships.

Seller shall use commercially reasonable efforts to preserve intact the business of Seller and keep available the services of their respective officers and employees and maintain good relationships with suppliers, customers and others having business relations with Seller, and shall cause to be taken no change in the business, condition or results of operations of Seller which may have a material adverse effect on the assets, business, condition or prospects of Seller.

6.7 Confidentiality.

Except as contemplated by this Agreement, as required by law or otherwise expressly consented to in writing by Purchaser and Seller, all information or documents furnished hereunder by any party shall be kept strictly confidential by the party or parties to whom furnished at all times prior to the Closing Date, and in the event such transactions are not consummated, each shall return to the other all documents furnished hereunder and copies thereof upon request and shall continue to keep confidential all information furnished hereunder and shall not thereafter use the same for any purpose. Notwithstanding the foregoing, (a) Purchaser or PGE may issue or make a press release, announcement or other disclosure regarding this Agreement and the

transactions contemplated hereby which it determines necessary or desirable under applicable law, and (b) Purchaser or PGE may, at any time after the date of this Agreement, file with the Securities and Exchange Commission (the "Commission") a Report on Form 8-K pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with respect to the transactions contemplated by this Agreement, which Report may include, among other things, financial statements and pro forma financial information with respect to Seller, and/or file with the Commission a registration statement under the Securities Act which includes a prospectus containing any information required to be included therein with respect to the transactions contemplated by this Agreement, including but not limited to financial statements and pro forma financial information with respect to Seller, and thereafter distribute said prospectus in connection with the offer and sale of securities of Purchaser or PGE. Seller and the Shareholders shall cooperate with Purchaser or and provide such information and documents as may be required in connection with any such filings.

In the event the Closing is not consummated, each party hereto will hold in absolute confidence any information obtained from another party except to the extent (a) such party is required to disclose such information by law or regulation, (b) disclosure of such information is necessary or desirable in connection with the pursuit or defense of a claim against the other party hereto, (c) such information was known by such party prior to such disclosure or was thereafter developed or obtained by such party independent of such disclosure, or (d) such information becomes generally available to the public or is otherwise no longer confidential. Prior to any disclosure of information pursuant to the exception in clause (a) or (b) of the preceding sentence, the party intending to disclose the same shall so notify the party which provided the same in order that such party may seek a protective order or other appropriate remedy should it choose to do so.

7. Conditions Precedent

7.1 Conditions to Obligations of Purchaser

The obligation of Purchaser to pay the Purchase Consideration to Seller and to satisfy its other obligations hereunder shall be subject to fulfillment (or waiver by Purchaser) at or prior to the Closing, of the following additional conditions, which Seller agrees to use its best efforts to cause to be fulfilled:

(a) Representations, Performance

The representations and warranties of Seller contained in **Section 3** hereof shall be true in all material respects at and as of the Closing Date, except as affected by the transactions contemplated hereby. Seller shall have duly performed and complied with all agreements and conditions required by this Agreement to be performed, or complied with, by it prior to or on the Closing Date.

(b) **Corporate Proceedings**

All corporate and other proceedings of Seller in connection with the transactions contemplated by this Agreement and all document and instruments incident to such corporate proceedings, shall be reasonably satisfactory in substance and form to Purchaser, and Purchaser shall have received all such documents and instruments or copies thereof.

(c) **Approval of FCC and States**

The FCC and all applicable PSCs shall have granted any and all consents and approvals necessary to consummate the transactions contemplated hereby and any required notice period(s) shall have expired.

(d) **Consents**

Seller shall have successfully arranged for the Consents necessary to assign the Contracts being assumed by Purchaser from Seller to Purchaser.

(e) **Non-Competition Agreement**

Seller shall have executed non-competition agreements, substantially in the form attached hereto as **Exhibit 7.1(e)** (the “**Non-Competition Agreement**”), stating that they will not solicit the customers represented by the Qualified Customer Accounts or otherwise compete with Purchaser with respect to the Qualified Customer Accounts for a period of 36 months.

(f) **Management Agreement**

Seller shall have executed a management agreement, substantially in the form attached hereto as **Exhibit 7.1(f)** (the “**Management Agreement**”), providing for the operation by Purchaser of the Business pending receipt of FCC and all necessary PSC approvals for the transactions contemplated herein.

(g) **Due Diligence**

Seller shall have completed, to its satisfaction, a due diligence review of Purchaser’s business and operations as they relate to the Qualified Customer Accounts.

7.2 Conditions to Obligations of Seller

The obligations of Seller to deliver the bill of sale, assignments, endorsements and other instruments of transfer relating to the Assets and to satisfy Seller’s other obligations hereunder shall be subject to the fulfillment, on or prior to the

Closing Date (or waiver by Seller), of the following conditions, which Purchaser agrees to use its best efforts to cause to be fulfilled:

(a) **Representations, Performance**

The representations and warranties of Purchaser contained in Section 4 hereof shall be true at and as of the Closing Date. Purchaser shall have duly performed and complied in all material respects with all agreements and conditions required by this Agreement to be performed, or complied with, by it prior to or on the Closing Date.

(b) **Corporate Proceedings**

All corporate and other proceedings of Purchaser in connection with the transactions contemplated by this Agreement, and all documents and instruments incident thereto, shall be satisfactory to Seller and Seller shall have received all such documents and instruments, or copies thereof.

(c) **Delivery of Purchase Consideration**

Seller shall have received the Purchase Consideration in accordance with Section 2.3 hereof.

8. **Indemnification; Manner of Claims**

8.1 **Indemnification**

(a) **Indemnification by Seller**

From and after the Closing Date, Seller will indemnify Purchaser against, and hold Purchaser harmless from, any and all liability, damage, deficiency, loss, cost or expense (including reasonable attorneys fees) (collectively "Losses") that is based upon or that arises out of (i) any misrepresentation or breach of any representation, warranty or agreement made by Seller herein, (ii) any obligation, debt or liability of Seller to the extent that the same is not expressly assumed herein by Purchaser, or (iii) the use and ownership of the Assets on or prior to the Closing Date (other than those liabilities specifically assumed by Purchaser hereunder), provided that Purchaser may not receive recoveries in excess of the amount of Loss.

(b) **Indemnification by Purchaser**

From and after the Closing Date, Purchaser will indemnify Seller against, and hold Purchaser harmless from, any and all Losses based upon or that arising out of (i) any misrepresentation or breach of any representation, warranty or agreement made by Purchaser herein, (ii) the use and ownership of the Assets subsequent to the

Closing Date, and (iii) any obligation, debt, liability or Contract of Seller assumed by Purchaser pursuant hereto.

(c) **Exclusive Remedy**

The rights under Sections 8.1 and 8.3 shall constitute Purchaser's exclusive rights against Seller and Shareholders for the matters set forth in this Agreement.

8.2 Manner of Claims

Any notice of a claim by reason of any of the representations and warranties contained in this Agreement shall state specifically the representation or warranty with respect to which the claim is asserted, and the amount of liability asserted against the other party by reason of the claim.

8.3 Special Indemnification

Seller, shall specifically indemnify and hold harmless Purchaser from and against all claims, suits damages, liabilities or expense of any description (including but not limited to reasonable attorney's fees and costs) resulting from any of the following: (1) a claim by Integratel for any and all amounts related to the commitments set forth in the contract between Seller and Integratel prior to December 29, 1999 and (2) any damages or losses related to the exercise by Integratel of any security interest on any of the Assets (the "**Special Indemnification**"), in each case, with respect to accounts receivable arising with respect to telephone calls placed prior to December 29, 1999 but not with respect to accounts receivable relating to telephone calls placed thereafter.

9. Miscellaneous

9.1 Consents of Third Parties

This Agreement shall not constitute an agreement to assign any interest in any instrument, Contract, lease, permit, Authorization or other agreement or arrangement of Seller, or any claim, right or benefit arising thereunder or resulting therefrom, if any assignment without the consent of a third party would constitute a breach or violation thereof or adversely affect the rights of the Purchaser or Seller thereunder. If a consent of a third party which is required in order to assign any instrument, Contract, lease, permit, Authorization or other agreement or arrangement or any claim, right or benefit arising thereunder or resulting therefrom, which consent Seller shall use its best efforts to obtain prior to the Closing, is not obtained prior to the Closing, or if an attempted assignment would be ineffective or would adversely affect the ability of Seller to convey its interest to the Purchaser, Seller will cooperate with Purchaser in any lawful and economically feasible arrangement to provide that Purchaser shall receive Seller's interest in the benefits under any such instrument, Contract, lease, permit, Authorization or other

agreement or arrangement; and any transfer or assignment to Purchaser by Seller of any interest under any such instrument, Contract, lease, permit, Authorization or other agreement or arrangement that requires the consent of a third party shall be made subject to such consent or approval being obtained.

9.2 Expenses

Subject to the terms of **Sections 8 and 10** hereof, each of the parties hereto shall bear its own expenses, costs and fees (including attorney's fees) in connection with the transactions contemplated hereby, including the preparation and execution of this Agreement and compliance herewith, whether or not the transactions contemplated hereby shall be consummated.

9.3 Severability

If any term or provision of this Agreement shall be held or deemed to be, or shall in fact be, inoperative or unenforceable as applied in any particular case because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the term or provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever, but such term or provision shall be deemed modified or deleted as or to the extent required by applicable law. The invalidity of any one or more phrases, sentences, clauses, sections, or subsections of this Agreement shall not affect the remaining portions of this Agreement.

9.4 Notices

Any notices or other communications required under this Agreement shall be in writing, shall be deemed to have been given when delivered in person, when delivered to a recognized next business day courier, or, if mailed, when deposited in the United States first class mail, registered or certified, return receipt requested, with proper postage prepaid, addressed as follows or to such other address as notice shall have been given pursuant hereto:

If to Seller:

True America Communications, Inc.
Attn: Eddy K. Wong, President
2529 Van Ness Avenue
San Francisco, CA 94109

With a copy to:

If to Purchaser:

International Exchange Communications, Inc.
Attn: Gail E. Granton
533 Airport Blvd., Suite 505
Burlingame, CA 94010

With a copy to:

Benjamin W. Bronston, Esq.
Nowalsky, Bronston & Gothard
A Professional Limited Liability Company
3500 N. Causeway Blvd.
Suite 1442
Metairie, LA 70002

9.5 Amendment

This Agreement may not be amended except by an instrument in writing, duly executed and delivered on behalf of each of the parties hereto.

9.6 Waiver

Any party may waive compliance by another with any of the provisions of this Agreement. No waiver of any provisions shall be construed as a waiver of any other provision. Any waiver must be in writing.

9.7 Counterparts

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original agreement, and all of which taken together shall constitute one agreement, notwithstanding that all of the parties are not signatories to the original or to the same counterpart.

9.8 Assignment

Any assignment of this Agreement or the rights or obligations hereunder by any party without the prior written consent of the nonassigning parties shall be void. Notwithstanding the foregoing, either party may assign all or any part of its rights and/or obligations to one or more affiliates, subsidiaries, parent companies or shareholders of said party. No such assignment shall relieve the assigning party of any of its obligations or duties under this Agreement.

9.9 Costs

In the event any action is instituted to enforce or interpret the terms of this Agreement or arises out of this Agreement, the party prevailing in such action shall be entitled to recover its reasonable attorney's fees and costs as determined by the court.

9.10 Entire Agreement; Applicable Law, etc.

This Agreement and the other documents or agreements executed contemporaneously herewith or pursuant hereto constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of California applicable to contracts made and to be performed in California.

9.11 Industry Terms and Phrases

All terms and phrases unique to the telecommunications industry and used within this Agreement shall be defined in accordance with the everyday meaning assigned to such terms and phrases within the industry.

9.12 Arbitration

The parties agree that any controversy or claim arising under this Agreement (other than a controversy or claim arising with respect to the Escrow which shall be governed by the procedures set forth in the Escrow Agreement) shall be resolved through alternative dispute resolution means in the following manner:

(a) Initially, the parties will engage in nonbinding mediation. Mediation shall be held in Los Angeles, California or such site as is mutually agreeable to both parties. The mediator shall be jointly appointed by the parties and shall have expertise in commercial dispute resolution.

(b) In the event that the dispute of claim is not satisfactorily resolved through mediation within forty-five (45) days of notice of such claim or dispute by a party, the parties agree to submit such dispute or claim to binding arbitration. Arbitration shall be held in Los Angeles, California, or such other site that is mutually agreeable to

the parties. Any judgement, decision or award by the arbitrator shall be final and binding on the parties and may be enforced in any court having jurisdiction over a party against whom any such judgement, decision or award is to be enforced. The parties specifically and knowingly waive any rights under State or Federal constitutions or statutes which grant a party the right to trial by jury for any claim that might arise under this Agreement or which purports to give a party the right to appeal an arbitrator's judgement, decision or award. The rules and procedures of the American Arbitration Association shall apply.

(c) The parties shall bear their own costs and expenses, including, but not limited to, attorney's fees, for any mediation or arbitration, unless otherwise directed by the mediator or arbitrator.

10. Termination

10.1 Mutual Consent

This Agreement may be terminated at any time prior to the Closing by mutual consent of Seller and Purchaser, expressed by action of their respective Boards of Directors.

10.2 Automatic Termination

This Agreement shall automatically terminate and, except as otherwise set forth in Section 10.3 below, the obligations of the parties hereunder shall be discharged if the Closing does not occur on or prior to June 30, 2000.

10.3 Remedies on Termination

In the event any party hereto, without the right to do so under this Agreement, shall fail or refuse to consummate the transactions contemplated by this Agreement, or if any default under, or breach of, any representation, warranty, covenant or condition of this Agreement on the part of any party shall have occurred that results in the failure to consummate the transactions contemplated hereby, then, in addition to any other remedies provided in this agreement or by applicable law, the nondefaulting party shall be entitled to obtain from the defaulting party costs and expenses, including reasonable attorney's fees, incurred by it in enforcing its rights hereunder, including, but not limited to the right to seek specific performance of this Agreement.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

International Exchange Communications, Inc.

By: _____
Name: _____
Title: _____

True America Communications, Inc.

By: _____
Name: _____
Title: _____

Eddy K. Huang

SCHEDULE 3.1(a)

States where Seller is qualified and in good standing as a foreign corporation:

New York

Schedule 3.6

Material Contracts

Integratel
TeleSolutions
State Tax Partners

SCHEDULE 3.9(a)

List of all federal, state, local and foreign franchises, tariffs, licenses, ordinances, certifications, approvals, authorizations and permits (collectively, the “**Authorizations**”) necessary for Seller to conduct its business as currently conducted:

Intrastate Interexchange Authority in New York and California

SCHEDULE 3.9(b)

List of all registrations, filings, applications, notices, transfers, consents, approvals, orders, qualifications, authorizations, certifications, waivers or other actions of any kind required to be made, filed, given or obtained by or on behalf of Seller or the Shareholders with, to or from any persons, governmental authorities or private entities in connection with the consummation of the transactions contemplated by this Agreement (“**Consents**”):

Advice Letter to be filed with the California PUC
Application to be filed with the New York PSC
Petition for Waiver to be filed with the FCC
Withdrawal of 214 Authority to be filed with the FCC